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QUEST HOLDINGS

Cash and growth

2022: Strong performance across all divisions in a record year – Quest delivered c12-13% sales and EBITDA growth in 2022, testament to its strong market position, consistent execution and effective cost mgt. Although the year was marked by several challenges (slowing consumption trends, tough comps, supply chain issues) and a tough comparative, the significant boost from Apple products and IT services along with pricing in ACS, led to double digit sales growth with revenues surpassing the €1bn mark. On the cost side, Quest offset the slight gross margin erosion (-10bps yoy) with opex monitoring, thus maintaining an EBITDA margin of 7%. The bottom line was weighed down by higher net financials and increased taxes, but with Quest overall capping a very successful year delivering more than €40m net profit.

2023: raising estimates on healthy outlook… – Quest enjoys a quite a balanced portfolio in services and products sectors, enabling it to efficiently navigate challenging settings. Filtering through the solid outlook in IT services (where we see a 2-digit growth profile) and a better than previously anticipated performance in courier services (price-driven) and commercial products (owing to clima and Apple products), we have raised our 2023-25e EBITDA by 4-5%, eyeing a solid high single digit growth at both revenue and EBITDA level.

Well placed to capture growth across its core segments – Looking beyond 2023, we see both cyclical and secular growth drivers, on account of the digitization boost, EU's 'green push' and rising penetration of e-commerce. With the first indications on RRF funding applications pointing to quite healthy absorption rates and the improving implementation/benefits of gvt subsidized recycling programs, we incorporate mid-to-high single digit growth rates in commercial activities and courier services in 2024-25e, while maintaining a high single-low double digit growth profile in IT services. This results to 8% sales CAGR over 2023-25e and a similar growth in EBITDA.

Balance sheet optionality – Quest stands on a net cash position of €29m, while enjoying a solid liquidity position (>€200m in available cash and credit lines). Given the track record of cash flow generation and shareholder remuneration, we see strong balance sheet optionality with ample room for Quest to pursue further acquisitions or press ahead with heftier returns to shareholders. As a reminder, Quest is set to pay a €0.20 DPS (ex-date 20th June, indicating a c4% yield), with our numbers penciling in rising dividend in sync with earnings.

Appealing valuation – Our valuation is based on a SOTP of Quest's 4 core segments, to which we apply a 10% holding discount, with our indicative baseline fair value near €7.0/share, effectively implying a c9.2x 12-mth forward EV/EBITDA on our updated figures. We reiterate our view that the current valuation constitutes a compelling risk-reward proposition, underpinned by the solid outlook and the prospect for rising shareholder returns and/or M&A-related value crystallization.

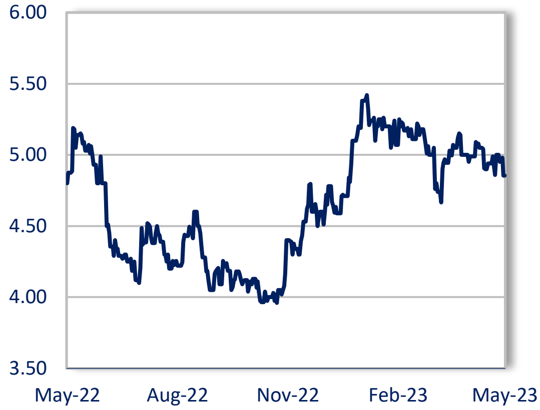
Estimates					
€ mn	**2021 ***	**2022**	**2023e**	**2024e**	**2025e**
Sales	915.9	1,031.8	1,124.8	1,217.5	1,309.3
EBITDA - reported	64.1	72.0	79.1	85.4	92.2
Net profit - reported	42.7	41.4	44.6	49.4	54.5
EPS - adj. (EUR)	0.35	0.39	0.42	0.46	0.51
DPS (EUR)	0.57	0.20	0.22	0.24	0.25
Valuation					
Year to end December	**2021 ***	**2022**	**2023e**	**2024e**	**2025e**
P/E	11.5x	12.9x	11.7x	10.5x	9.6x
EV/EBITDA	6.7x	7.4x	6.6x	6.0x	5.4x
EBIT/Interest Expense	8.6x	8.4x	7.5x	8.6x	9.6x
Dividend Yield (incl. special)	12.4%	4.0%	4.5%	4.9%	5.2%
ROE	16.5%	17.3%	17.0%	17.1%	17.2%

Market Cap (€mn)	**€520.6**
Closing Price (11/05)	**€4.86**

Stock Data

Reuters RIC	IQTr.AT
Bloomberg Code	QUEST GA
52 Week High (adj.)	€5.46
52 Week Low (adj.)	€3.95
Abs. performance (1m)	-1.9%
Abs. performance (YTD)	3.1%
Number of shares	107.2mn
Avg Trading Volume (qrt)	€169k
Est. 3yr EPS CAGR	9.6%
Free Float	25%

Quest Share Price



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This report was prepared and published in consideration of a fee payable by Quest Holdings.

See Appendix for Analyst Certification and important disclosures.

** Only continuing operations, namely ex-Cardlink (sold in Sep'2021)*

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Investment Case

Double digit growth in 2022, with Quest setting a new record…

Quest Holdings managed to maintain its double digit growth profile over 2022, a year with consumption snags and tough comparatives. 2022 saw conflicting dynamics, with pressure on non-essential consumer products and e-commerce on the one hand, and buoyant demand for IT and integration services and rising capacities in the RES activity on the other. Nonetheless, Quest grew 2022 sales by 13% yoy and EBITDA by 12% yoy, thanks to growth across all four divisions (commercial activities, IT services, courier and RES) outpacing forecasts. In the meantime the group maintained a healthy net cash position, post investments of c€50m, with the BoD proposing an ordinary dividend of c€21m (€0.20/share), up from c€16m (€0.16/share) a year ago, corresponding to c4% yield.

c4% upgrade to our 2023e EBITDA; we are now eyeing c10% growth this year

The current backdrop seems to have smoothened a bit with supply chains normalizing, inflationary pressures dissipating, and e-commerce staying on a healthy growth trajectory. Nonetheless, visibility about near-term consumption trends is somewhat low as we are navigating an elevated pricing/interest rate environment, and as a result we keep a slightly conservative stance on products sales. We remain confident about the IT and integration services division, which is set to benefit from a rich backlog and the implementation of RRF. Finally we also factor in the addition of photovoltaic plants in the following 2 years in our Energy division forecasts. With these in mind, we have raised our group 2023 revenue and EBITDA forecasts by 2% and 4% respectively, now eyeing +9% yoy revenue growth (€1.12bn) and +9.8% EBITDA growth (€79m).

+8% EBITDA CAGR over 2023-25e

Looking ahead we have incorporated in our estimates a quite healthy outlook underpinned by: 1) double digit growth in IT and integration services thanks to the digitalization push, international expansion and share gains, 2) high single-digit growth for courier services as a result of both volume and pricing hikes, driven by an expanding base (as younger ages feed in), 3) mid-to-high single-digit growth for Commercial products (IT, Clima) driven by share gains amid strong growth in Apple products and a boost seen from clima products, and 4) additional capacity in the RES division. We forecast a c8% group EBITDA CAGR over 2023-25e, with the EBITDA margin maintained at 7%, integrating opposing factors such as rising contribution of lower margin Apple products offset by an increase in higher-margin clima products and new deals for international distribution. Overall, we have raised our EBITDA forecasts by 4-5% in the 2023-25e period. Below the EBITDA line, we model slightly higher net financials with our net profit forecasts little-changed, growing 8-10% yoy in 2023-25e.

Balance sheet optionality

Quest Group balance sheet remains healthy while the group is carrying on with its investment plans (>€100m in the past 5 years), with the current year capex envelope near €30m. Quest enjoys a strong liquidity position (>€200m in available cash and credit lines), while ending 2022 with a net cash position of €28m. It is worth noting that Quest reported positive FCF for yet another year in 2022, despite the acquisition of G.E. Dimitriou (GED) close to the end of the year, aided by solid operating figures. We believe there is plenty of balance sheet optionality for M&A and/or heftier returns to shareholders, key merit to the investment thesis.

Valuation

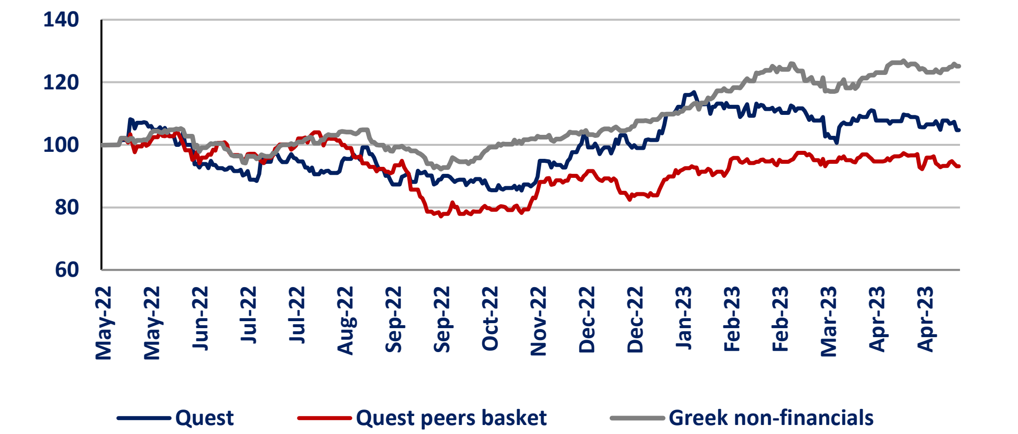
Quest's share price recorded a weak performance during 2022 mirroring the challenges faced throughout the year (and probably reflecting investors' willingness to take profits after a stellar performance in previous years), while it has been gaining ground in 2023 (+3% YtD). That said, the stock has underperformed vs the ASE main gauge (+21%), despite the robust growth catalysts especially in the IT services division. From a valuation perspective, we believe the current 12-mth forward valuation of 11.3x P/E and 6.4x EV/EBITDA constitutes a compelling risk-reward proposition for long-term returns, while we argue there is substantial latent value to be crystallized over time by rising shareholder returns and/or acquisitions or disposals of stakes in subsidiaries. Our valuation is based on a sum-of-the-parts (SOTP) of the 4 core segments comprising the group to which we apply a 10% holding discount, coming up with an indicative baseline fair value near €7.0 per share. This effectively values the group at c9.2x 12mth forward EV/EBITDA. Flexing our WACC and perpetuity growth inputs for the non-RES businesses by 0.5% yields a fair value range between €7.6 and €8.0 per share (pre 10% holding discount).

Performance and Valuation

Muted price momentum in the last 12 months after a 83% return during 2021

Despite its mildly positive performance year-to-date, Quest has underperformed the Greek non-financials universe in the past year, mainly weighed by concerns about the effect of rising inflation and supply chain problems on several parts of its business. Its exposure in the IT sector has also meant it has been affected by the tightening policy settings, via the cost of equity channel. Besides the aforementioned reasons, we note that Quest was coming from a mind blowing 83% return in 2021, and, as a result, investors took some profits in the light of the above challenges. That said, in the last 12 months the stock has still managed to outperform its foreign peers including a variety of stocks from relevant subsegments. On an absolute basis, Quest is trading slightly above its levels a year ago (+5%), having gained 3% YtD (vs +16% YtD for the Greek non-financials).

12mth performance (rebased) – Quest vs Greek non-financials and peer basket

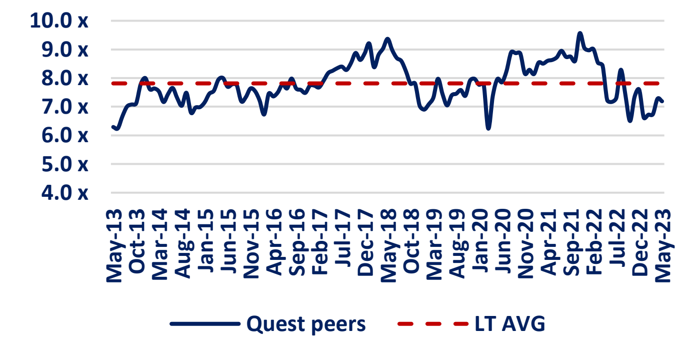


Source: Eurobank Equities Research, Bloomberg.

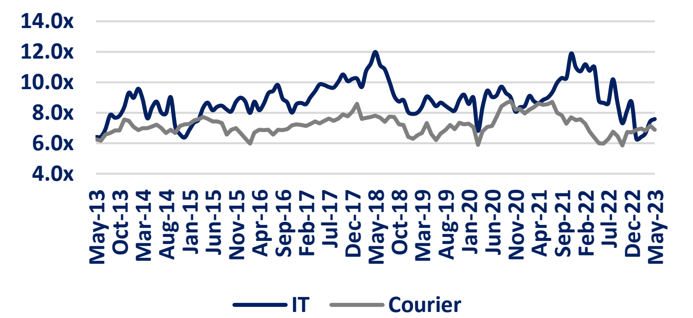
Quest currently trading at c10% discount vs its blended group of peers

From a valuation perspective, there is still very limited forward-looking track record (2-yrs data) for Quest since the stock has not been widely covered in the past. Currently, the stock is trading at c6.5x 12m fwd EBITDA, having re-rated a tad since late 2022, when concerns about economic growth and decelerating consumption were more profound. By comparison, Quest's peers have historically traded at c8x EV/EBITDA, with the valuation peaking in 2018 and 2021 and a de-rating following in the last 1.5 year, in the light of payback in goods demand weighing on e-commerce and due to the decelerating consumption trends. On a relative basis, Quest seems to be trading at a c10% discount vs peers' current valuation and c17% discount vs peers' long-term average, signalling a compelling proposition, we reckon, in view of the rising contribution of high growth (RRF driven) IT/tech in the mix.

Peer group 12m-fwd EV/EBITDA



Peer group by activity 12m-fwd EV/EBITDA



Source: Eurobank Equities Research, Bloomberg

In the table below, we cross-check Quest's current valuation against the aforementioned selected group of peers, namely companies with some degree of product overlap in IT/tech and courier/postal services. As mentioned above, Quest remains lower valued than the blended group, despite enjoying a stronger balance sheet (similar to the IT segment) while offering superior dividend yield (similar to the postal sub-group).

Peer group valuation

		PE		EV/EBITDA		DPS yield		Net debt/EBITDA
Stock	**Mkt Cap**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
DEUTSCHE POST-RG	50,845	12.3x	11.1x	6.1x	5.7x	4%	5%	1.5x
OESTERREICH.POST	2,182	18.5x	16.9x	6.8x	6.4x	5%	6%	0.8x
POSTNL NV	783	17.1x	8.1x	5.4x	4.1x	5%	8%	1.8x
ROYAL MAIL	2,536	44.5x	9.0x	5.0x	3.7x	3%	5%	3.5x
UNITED PARCEL-B	133,841	15.8x	14.4x	10.2x	9.7x	4%	4%	0.9x
FEDEX CORP	51,734	12.4x	10.0x	6.7x	5.8x	2%	2%	1.5x
Postal peers		**20.1x**	**11.6x**	**6.7x**	**5.9x**	**4%**	**5%**	**1.7x**
SOPRA STERIA GRO	3,921	11.7x	10.2x	7.0x	6.4x	2%	3%	0.4x
ADESSO SE	835	22.6x	17.2x	9.4x	7.9x	1%	1%	0.5x
CANCOM AG	1,044	23.0x	18.0x	6.0x	5.1x	3%	4%	-2.1x
NNIT A/S	283	23.5x	15.2x	9.6x	10.4x	1%	2%	-0.2x
IT peers		**20.2x**	**15.2x**	**8.0x**	**7.4x**	**2%**	**2%**	**-0.3x**
Blended peer group (weighed by activity)		**20.2x**	**14.1x**	**7.6x**	**7.0x**	**3%**	**3%**	**0.3x**
Quest	**521**	**11.7x**	**10.5x**	**6.6x**	**6.0x**	**4%**	**5%**	**-0.4x**

Source: Eurobank Equities Research, Bloomberg. * Incl. capitalized op. leases

SOTP valuation range between c€810-860m

Valuation indicates a €7.0 per share

We value Quest Holdings with a sum-of-the-parts (SOTP) valuation in order to capture the dynamics of each segment comprising the holding company. We continue to apply a 10% holding discount and come up with an indicative fair value of €7.0/share (from €6.6 previously) reflecting the modest upgrade to our profit estimates.

Sum of the parts valuation

EURm unless otherwise stated		**2023e EBITDA**	**2024e EBITDA**
Commercial Activities	225.9	8.1x	7.5x
IT Services	229.8	12.9x	11.6x
Courier Services	282.5	11.4x	10.6x
RES	88.9	10.7x	10.2x
Other	0.4	4.0x	4.0x
Consolidated EV	**827.6**	**10.5x**	**9.7x**
Net cash (net debt)	28.7		
- other claims (operating leases etc.)	-30.8		
Total Equity value	**825.5**		
Number of shares (mn)	107.2		
12m fair value - ex div	**7.8 €**		
Assumed holding discount	**10%**		
Fair value - ex div	**7.0 €**		

Source: Eurobank Equities Research

1. Non-RES | Commercial Activities, IT Services, Courier Services

For the non-RES segments, namely Courier & IT Services and Commercial activities, we assume**:**

- A blended 9.5% WACC, unchanged vs our previous forecasts, capturing the current risk premia levels;
- Sales CAGR of c8% over 2022-2026e, driven by both secular drivers (e-Commerce penetration, digitalization) and cyclical recovery.
- EBIT CAGR of c8.7% over the same period driven by the robust top line growth, operating leverage, with further underpinning being provided by cyclical acceleration. This indicates c20bps margin expansion vs 2022 levels.

- We use a LT growth rate of 1%, implying reinvestment rate near 22% and incremental ROIC of c5%, justifiable in our view by the technology-dependent nature of most segments.
- The implied FCF conversion (FCF/EBITDA) in the medium term stands just above 50%, a level we consider sustainable.

A basic sensitivity on a combination of WACC and terminal growth rates for the **non-RES** segments as a whole is presented at the table below. As can be seen, flexing our WACC and perpetuity growth inputs by 0.5% yields a fair value range between €7.6 and €8.0 per share.

Sensitivity of our calculated group fair value per share (pre holding discount) to the WACC and LT growth assumptions of non-RES segments

		WACC				
		10.5%	**10.0%**	**9.5%**	**9.0%**	**8.5%**
Terminal growth	**2.1%**	7.44	7.64	7.83	8.04	8.26
	1.6%	7.42	7.61	7.81	8.02	8.23
	1.1%	7.40	7.59	**7.79**	7.99	8.21
	0.6%	7.38	7.57	7.76	7.97	8.18
	0.1%	7.36	7.55	7.74	7.94	8.15

Source: Eurobank Equities Research

Per segment our DCF valuations are showcased below:

Commercial Activities valuation is predicated on:

- a 9.8% WACC
- Sales CAGR of c7% over 2022-2026e, underpinned by market share gains and inorganic growth
- Similar EBIT CAGR, as we assume sustained balance in margins, with operating leverage offset by inflationary pressures and elevated competition. The implied FCF conversion (FCF/EBITDA) in the medium term stands at c42%.
- Maintain our LT growth rate of c1%, though we raise our reinvestment rate in perpetuity to 20%, implying a c5% incremental ROIC, mainly reflecting the high competitive intensity.

Commercial activities DCF									
EUR m unless otherwise stated	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**
EBITDA	28.0	30.1	32.1	34.1	36.3	38.7	41.4	43.3	45.3
- Tax	-4.5	-4.8	-5.2	-5.5	-6.8	-7.3	-7.8	-8.2	-8.6
Investment in the business	-15.2	-11.9	-12.3	-13.2	-14.1	-15.1	-16.2	-12.2	0.0
UnFCF	**8.3**	**13.3**	**14.6**	**15.3**	**15.4**	**16.4**	**17.4**	**18.0**	**18.8**
PV of Sum of UnFCF	93.1								
PV of terminal value	132.8								
Enterprise value	**225.9**								
- Net debt / + net cash	-25.3								
- other claims (non-controlling interests)	0.0								
= Total Equity value	**200.6**								
Number of shares (mn)	107.2								
DCF fair value – year end	**1.9 €**								

Source: Eurobank Equities Research

For **IT Services** DCF we utilize:

- a 9.5% WACC
- sales CAGR of c10% over 2022-2026e, underpinned by double digit growth in international activities, with the digitization push supporting a sustained c7.8% CAGR in the midterm (on the back of the rising backlog).
- EBIT CAGR of c12% over the same period on the back of positive operating leverage. The implied FCF conversion (FCF/EBITDA) in the medium term stands at c60%.
- a LT growth rate of 1% and reinvestment rate in perpetuity of 15%, implying incremental ROIC of c10%.

IT Services DCF									
EUR m unless otherwise stated	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**
EBITDA	17.8	19.8	21.8	24.0	26.2	28.5	30.9	33.0	35.2
Tax	-3.4	-3.9	-4.4	-4.8	-5.3	-5.8	-6.3	-6.8	-7.3
Investment in the business	-4.5	-3.3	-4.3	-4.7	-5.1	-5.5	-6.3	-7.0	-6.9
UnFCF	**9.9**	**12.6**	**13.2**	**14.5**	**15.8**	**17.2**	**18.2**	**19.3**	**21.0**
PV of Sum of UnFCF	96.2								
PV of terminal value	133.7								
Enterprise value	**229.8**								
- Net debt / + net cash	26.4								
- other claims (non-controlling interests)	0.0								
= Total Equity value	**256.2**								
Number of shares (mn)	107.2								
DCF fair value – year end	**2.4 €**								

Source: Eurobank Equities Research

For **Courier Services** we see:

- a 9.0% WACC
- 9% near-term sales CAGR, aided by the anticipated volume recovery and also price increases
- see a similar 9% EBIT CAGR over 2022-2026e, as operating leverage is partially offset by rising costs
- implied FCF conversion (FCF/EBITDA) in the medium term near 55%.
- use a LT growth rate of 1% and a reinvestment rate in perpetuity of 20%.

Courier business DCF									
EURm unless otherwise stated	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**
EBITDA	24.8	26.7	29.0	31.4	34.0	36.8	39.9	42.0	44.3
- Tax	-4.8	-5.2	-5.7	-6.2	-6.8	-7.4	-8.1	-8.6	-9.1
Investment in the business	-7.2	-5.1	-3.6	-3.8	-4.1	-17.8	-11.5	-12.1	-12.7
UnFCF	**12.8**	**16.4**	**19.7**	**21.3**	**23.1**	**11.6**	**20.3**	**21.4**	**22.5**
PV of Sum of UnFCF	119.8								
PV of terminal value	162.7								
Enterprise value	**282.5**								
- Net debt / + net cash	19.7								
- other claims (non-controlling interests)	0.0								
= Total Equity value	**302.2**								
Number of shares (mn)	107.2								
DCF fair value – year end	**2.8 €**								

Source: Eurobank Equities Research

2. RES

In RES we value an increased portfolio of 43MW by 2026e (from 34MW as of end-2022), effectively incorporating c9MW incremental capacity. We also recalibrate our assumptions for the remaining life of Quest's wind and solar portfolio valuing the cash flows generated during a lifespan of 30 years for each installation (no repowering assumed). We use a higher 6.2% discount rate and come up with an estimated EV of €89m.

RES Valuation (no terminal value)										
EURm unless otherwise stated	**2023e**	**2024e**	**2025e**	**2026e**		**2033e**	**2034e**	**2035e**		**2049e**
Sales	11.0	11.5	12.1	12.6	…	12.1	10.0	8.5	…	
EBITDA	8.3	8.7	9.2	9.5		8.8	7.3	6.2		
- Capex	-1.9	-1.7	-4.8	0.0		0.0	0.0	0.0		
- Tax	-1.3	-1.4	-1.5	-1.6		-1.5	-1.2	-0.9		
- WC inflow (outflow)	1.3	1.1	0.9	0.7		0.8	0.6	0.5		
Unlevered FCF	**6.4**	**6.7**	**3.8**	**8.7**		**8.1**	**6.8**	**5.8**		**1.8**
Capacity in MW	36	38	43	43	…	40	30	30	…	7.0
Sum of PV of UnFCF	88.9									
PV of TV	0.0									
EV	**88.9**									
- Net debt	-20.3									
- other claims (non-controlling interests)	0.0									
= Total Equity value	**68.7**									
Number of shares (mn)	107.2									
DCF fair value	**0.6 €**									

Source: Eurobank Equities Research

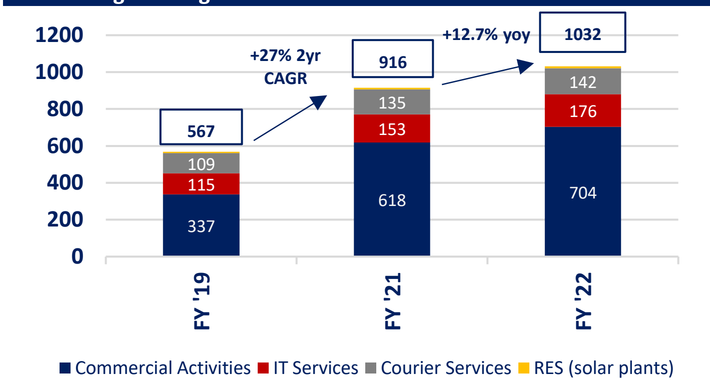
2022: More resilient than initially expected, with sales hitting a record surpassing the €1bn mark

Double digit EBITDA growth continued in 2022

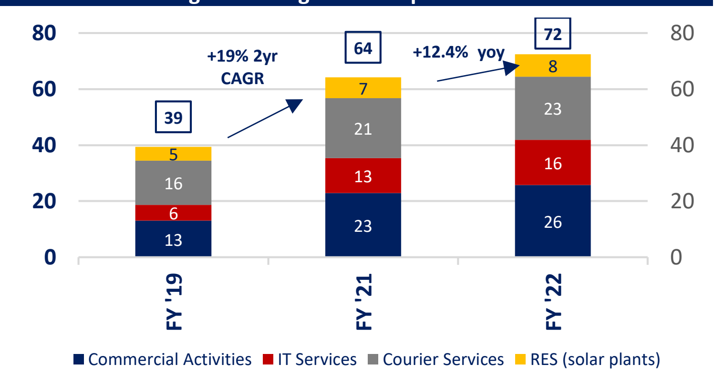
In a challenging year with significant cost inflation (transportation, energy costs) and supply chain disruptions setting a tough backdrop, further exacerbated by base effects and tough comps, Quest Holdings delivered a robust performance growing 2022 EBITDA in the double digits (+12%), owing in large to the improved profitability in the IT services subsidiary and the top line growth seen in commercial activities (Apple products) which filtered through to nominal growth (on flat margins).

As shown in the charts below, Quest group has almost doubled in both sales and EBITDA vs its pre-covid levels (2019). Naturally the significant turn to e-commerce, tech products and digital push during the pandemic benefited the group, which is present in IT-tech products and e-commerce through its online shops and courier businesses. Despite the high comparative, Quest managed to maintain double digit growth in 2022, in a year when e-commerce sales suffered a drop and supply chain difficulties continued.

Double digit sales growth sustained in 2022…



… and double-digit EBITDA growth despite cost inflation

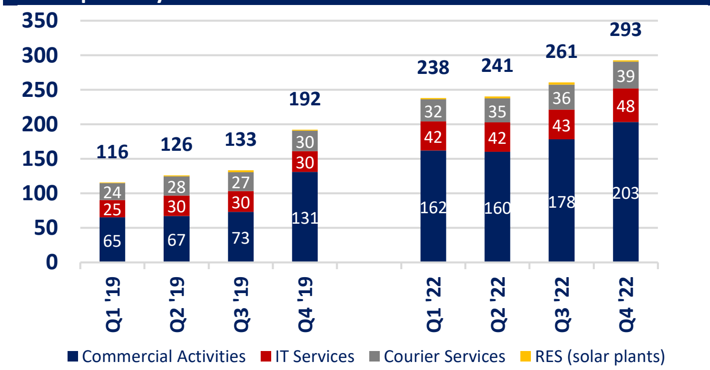


Source: The Company, Eurobank Equities Research

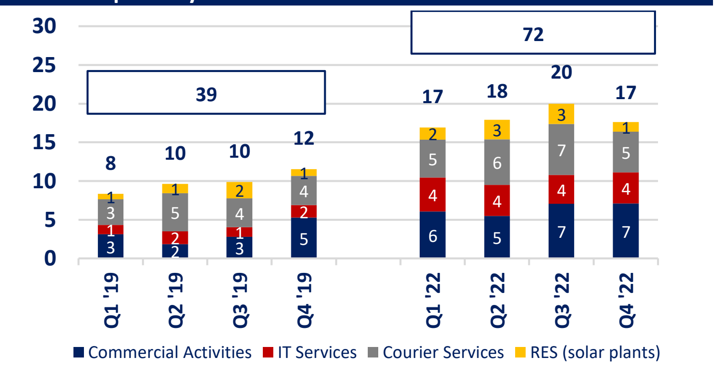
… with sales doubling vs 2019

Taking a closer look into the quarterly performance, one can witness almost double revenue figures in all quarters vs 2019, while noticing the key Q4 seasonality stemming from higher commercial products sales (Black Friday, Xmas period). At the EBITDA level, all divisions have grown profitability vs 2019, maintaining their margin levels fairly intact.

Sales quarterly evolution 2022 vs 2019



EBITDA quarterly evolution 2022 vs 2019



Source: The Company, Eurobank Equities Research

… while exceeding for the first time the €1bn mark

Overall in 2022 group sales shaped above €1bn for the first time, up by 13% yoy, driven by significant growth in commercial activities (+14% yoy) and IT services (+15% yoy). On the profitability front, FY'22 EBITDA grew by a 12% yoy to €72m on a stable margin (7%), reflecting the balance of offsetting drivers (cost inflation weighing on commercial products along with transport costs, vs a positive margin impact from the addition of Intelli in IT services and costs rationalization). FY'22 PBT from continuing operations rose 7% shaping at €55m, while net profit from continuing operations stood at €41.4m, vs €42.7m a year ago, weighed by a higher effective tax rate in 2022 (c24% vs c17% in 2021).

Per division:

- Revenues from **Commercial** activities were up by 14% yoy to €704m, on solid Apple products performance, with a stable margin at 3.7%;
- Revenues in **IT services** came in at €176m, up by 15% yoy, with cost rationalization and addition of Intelli translating into a +1pps yoy margin improvement to 9.2%.
- **Courier services** delivered sales growth of 5%, despite cycling a strong 2021, with revenues at €142m driven by pricing, and a fairly flat EBITDA margin of 15.9% (though we note that 2021 figures included some €3m one-off benefit at the EBITDA level)
- **RES** revenues of €10m, growing by 13% yoy (or €1.2m) aided by the added c6MW capacity in 2022.

Quest remains at €29m net cash position despite the elevated shareholder remuneration in 2022

On the cash flow front, FY'22 net cash dropped to c€28.7m (vs net cash of €85m at year-end 2021), indicating only €56m outflows in the year despite high capex of €47.2m (EEe at c€50m) relating to increased investments and also the acquisition of GE Dimitriou, as well as €61m in dividends distribution to shareholders in FY'22. Effectively the group managed to generate positive FCF of >€10m, as working capital tied up to the business – which had diluted FCF generation in 2021 – normalised.

Quest FY'22 results | Continuing ops

EUR m unless otherwise stated	FY'21	FY'22	yoy	FY'22e
Group revenues (cont'd)	**915.9**	**1,031.9**	**13%**	**1,014.3**
- of which:				
IT products	*618.5*	*704.1*	14%	*702.3*
IT Services	*153.0*	*175.9*	15%	*166.4*
Courier Services	*135.1*	*141.8*	5%	*135.4*
RES	*8.9*	*10.1*	13%	*10.2*
EBITDA (cont'd)	**64.1**	**72.0**	**12%**	**69.5**
EBITDA margin	***7.0%***	***7.0%***	***0.0pps***	***6.9%***
- of which:				
IT products	*22.9*	*25.7*	12%	*24.2*
margin	*3.7%*	*3.7%*	*0.0pps*	*3.4%*
IT Services	*12.5*	*16.1*	29%	*15.4*
margin	*8.2%*	*9.2%*	*1.0pps*	*9.3%*
Courier Services	*21.4*	*22.6*	6%	*21.6*
margin	*15.8%*	*15.9%*	*0.1pps*	*16.0%*
RES	*7.4*	*8.0*	8%	*8.1*
Pre-tax Profit (cont'd)	**51.3**	**54.7**	**7%**	**52.9**
Net profit (cont'd)	**42.7**	**41.3**	**-3%**	**40.7**

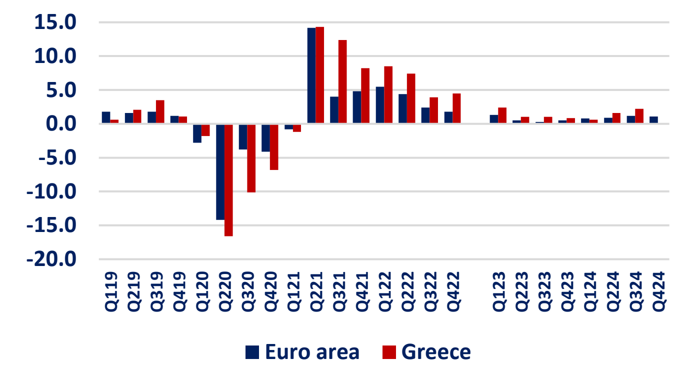
Source: Company, Eurobank Equities Research

Near term outlook: digitization and e-Commerce set to underpin high single digit EBITDA growth on our numbers

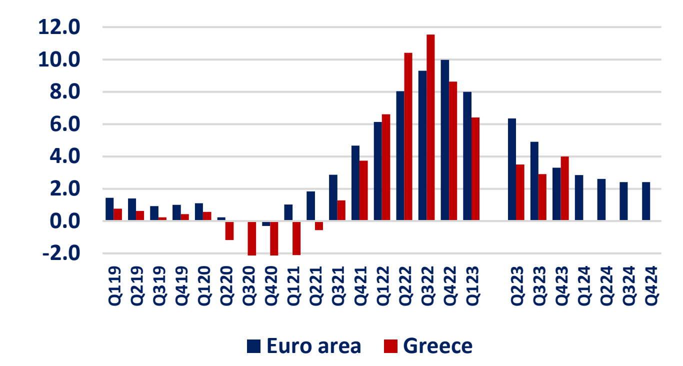
Consumer environment poses some challenges …

The backdrop in 2023 does pose challenges, given ongoing inflationary pressures (albeit abating), elevated interest rates and decelerating disposable income growth. However, on the positive side, Greece's macroeconomic prospects look rosier than elsewhere in Europe with GDP +2.5% in 2023e following c+6% in 2022. At the same time, inflation seems to be at a decelerating trajectory, albeit it is set remain >3% for the remainder of 2023e.

GDP yoy growth | Greece growing above Euro area looking ahead…



…with inflation near 4-5% for the remainder of 2023e

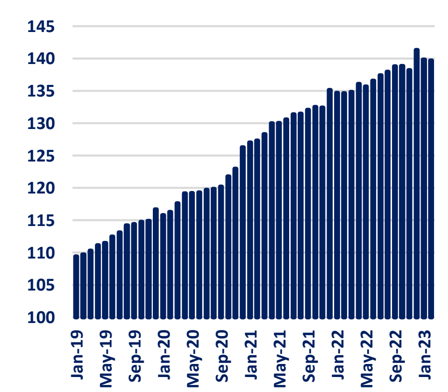


Source: Bloomberg, Eurobank Equities Research

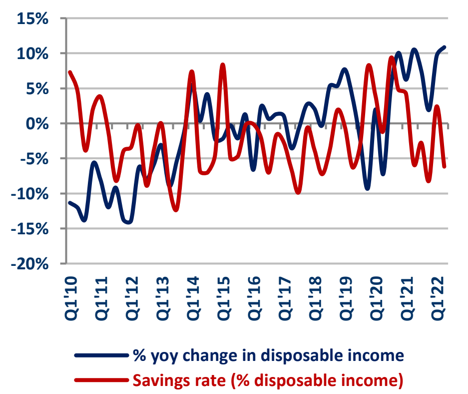
… but broad Greek macro outlook seems supportive

Overall, we believe that the broad landscape is likely to underpin the continuation of the good top line momentum for the group, especially as several drivers of consumption look quite supportive. In particular, cash hoarding continues (with households having amassed >€23bn in deposits vs pre-pandemic levels), unemployment is on a declining path while disposable income remains on an upward trajectory.

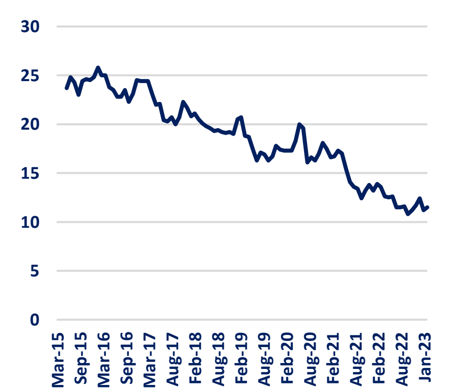
Household deposits (€bn)



Change in disposable income and saving rate



Greece unemployment %

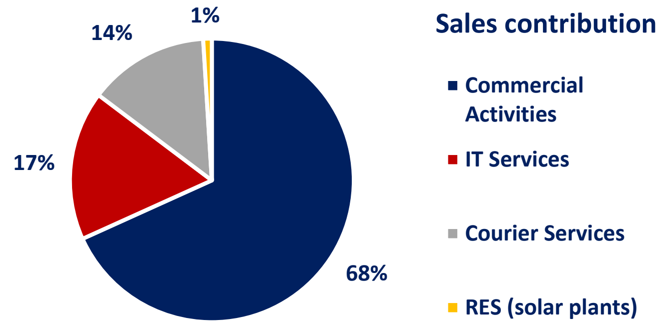


Source: Eurobank Equities Research, Bloomberg.

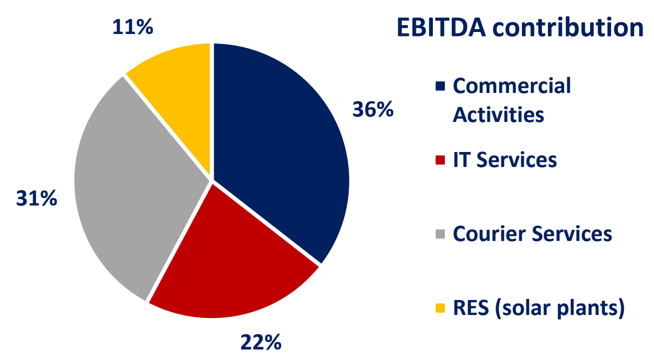
Quest's diversified structure supports growth

Following the divestment from Cardlink in September 2021, Quest is enjoying quite balanced profitability (despite the high revenue contribution of commercial activities), as shown in the charts below. This is considered key merit to the thesis as it allows diversification.

Sales driven by commercial activities (retail and wholesale)



… but with a fairly balanced EBITDA per division



Source: The Company, Eurobank Equities Research

Investments, e-Commerce and digitization push to underpin future growth

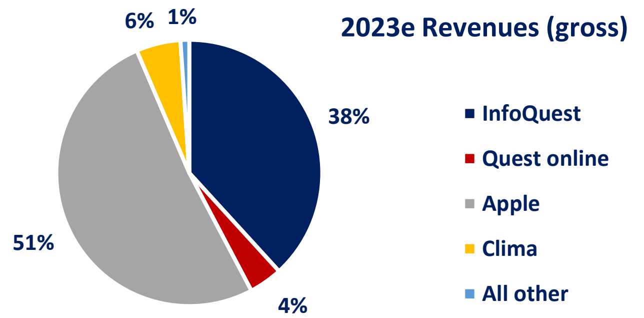
While we look into the dynamics of each division below, we underline that near term growth is underpinned by: 1) the digitization push promoted through RRF, set to benefit the IT services segment (in the double digit range), 2) e-commerce growth as younger generations gradually alter the consumer mix, with benefits spreading into courier services and online sales, (especially in tech products), and 3) investments in the clima sector and the renewable energy division, both endorsing a more sustainable, energy efficient future.

1. Commercial Activities

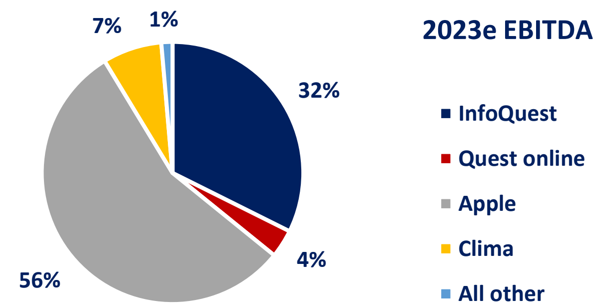
Taking a deep dive into the commercial activities' numerous moving parts, we factor in: 1) double digit recovery in the e-commerce arm (Quest online) sales and a gradual bounce-back in the division's EBITDA margin, 2) a significant boost in the Clima sector (ClimaQuest, GED) following the completion of GED acquisition further underpinned by the boost for air-conditioning stemming from the gvt subsidy program, thus eyeing combined clima sales more than tripling on a >4% EBITDA margin, 3) sustained strong growth in Apple (iSquare, iStorm) revenues topped by new Apple store openings, with a slight margin erosion, and 4) low single digit decline in the information technology arm (InfoQuest) as we strip out some €30m of clima sales, which will be channelled through GED, maintaining though the division margins.

Summing it all up, we now see high single digit growth in 2023e revenues from commercial activities, on a sustained EBITDA margin, which will translate to €28m EBITDA on €760m sales. Below we see a breakdown of the various commercial activities in the mix, noticing that Apple products contribute more than half the division's EBITDA, followed by InfoQuest, with the Clima products having increased in the mix accounting for c7% of EBITDA (from c1% in 2022).

Commercial activities 2023e revenue breakdown



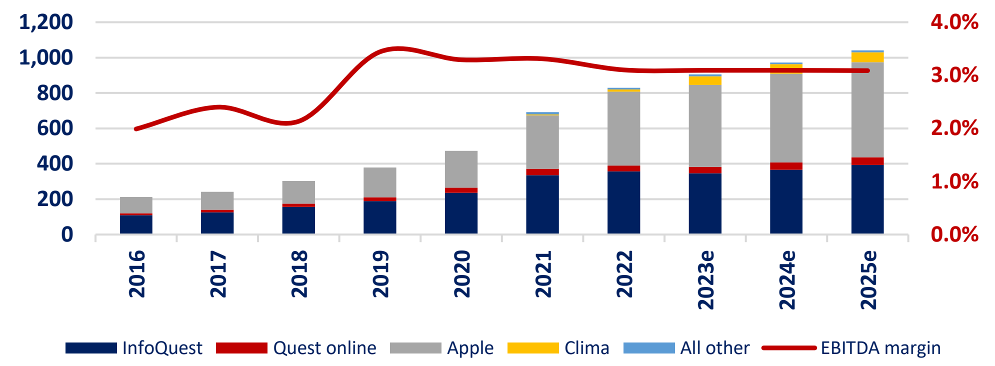
Commercial activities 2023e EBITDA breakdown



Source: Eurobank Equities Research, Company data.

Looking ahead we pencil a c7% 4-yr sales CAGR which reflects the balance between brand strength and some ongoing challenges for the consumer. That said, we note that market indications point to solid momentum in Apple products, a gradual recovery in laptop, IT products demand (following declining trends after strong pandemic driven years) and tendency towards more energy efficient smart A/Cs, bolstered by the gvt's program for recycling/changing old devices.

Commercial Activities gross revenues in EUR m (LHS) & EBITDA margin (RHS)



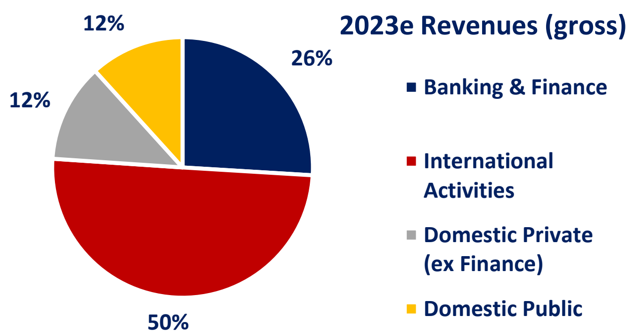
Source: Eurobank Equities Research, Company data

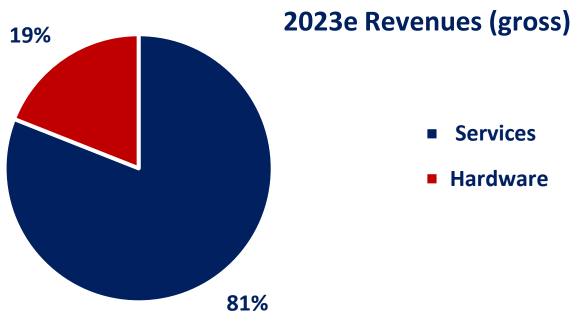
Overall, we raise our 2023-25e divisional sales forecasts by some 8-13%, as we have factored in strong 2022 figures and higher than initially expected revenues from the clima division following the completion of the G.E. Dimitriou deal (Quest has c28-30% share in Greece A/C market). We maintain our EBITDA margin estimates fairly stable on offsetting factors, as described above.

2. IT Services

The IT services division, active through Unisystems, Intelli Solutions (acquired in Q4'21) and team Candi, is operating in the IT software/integrator market in Greece and abroad. International revenues account for almost half of the division sales, with another quarter coming from banking and finance and the remaining quarter split in domestic Private sector enterprises and Public sector projects. Revenues are mainly driven by services provided (c80%) on a per project basis, and to a lesser extent the hardware involved. Of note is that **Unisystems currently enjoys a backlog of more than €550m in future projects** (indicating a >35% rise vs end-2021 levels).

Unisystems 2023e revenue breakdown per activity… **…with the majority stemming from services**



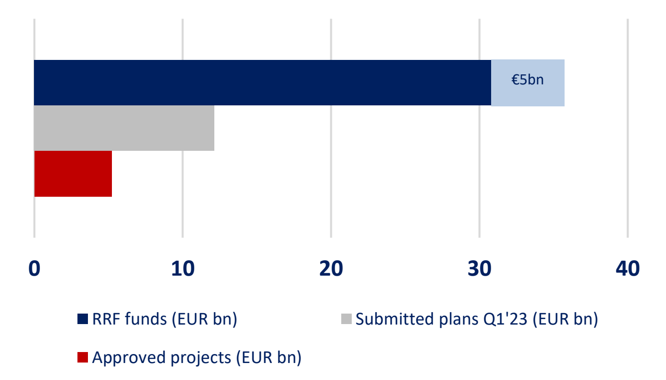


Source: Eurobank Equities Research, Company data.

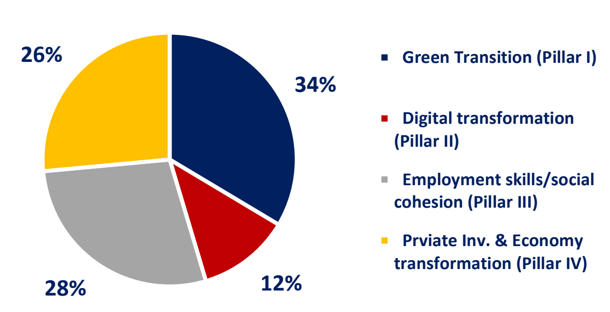
We reiterate that the particular business line of Quest is primed for secular growth in the light of significant investments related to the Recovery and Resilience Facility (more than €2bn to be contributed in digital transformation) which provide scope for the Greek IT market to expand in size, as a result of rising focus on new technologies (mobility, cloud and big data analytics), cybersecurity services, as well as emerging technologies (5G, IoT, VR). So far, Greece has received c€11bn in both grants and loans and has effectively moved to the most difficult stage of the process, namely project implementation. Until April, 392 investment plans had been submitted with a total budget of c€12bn (of which €5.1bn loans from RRF and the rest relating to bank funding and private capital). In terms of contracts signed, these add up to a total budget of €5.7bn (of which €2.3bn from the RRF).

Quest, like other IT software/integrator companies, is set to benefit from the RRF grants on 'digitalization of businesses' summing up to €375m, effectively implying a total ICT boost of c€750m (including loans and own funds).

Greece 2.0 Program –€31bn in total; topped up by €5bn



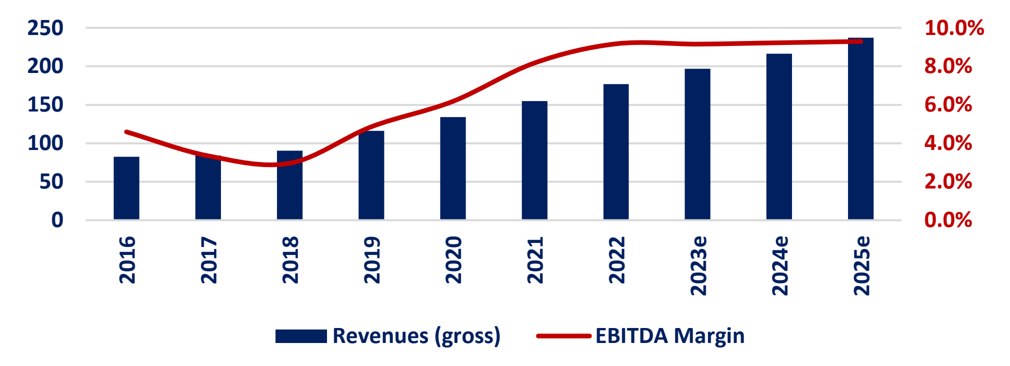
RRF pillars showcase >€2bn for digital transformation



Source: Eurobank Equities Research, Finance Ministry, European Commission.

With these in mind, we raise our IT Services estimates looking for double digit sales growth in 2023-24e (+10-11% yoy), driven by the accelerating investments in digital transformation (public and private) and the absorption of backlog projects. As such we are confident for top line revenues nearing €200m in 2023e, while reiterating our expectations for a sanguine top line outlook looking ahead. On the cost side we maintain our 2023e EBITDA margin near 2022 levels of 9.2% accounting for the improved cost structure on the one hand vis a vis past levels of 3%-8% and a rising personnel cost involved on a per project basis on the other. That said, we believe sustained EBITDA margin levels between 9-10% are within reach.

Unisystems gross revenues in EUR m (LHS) & EBITDA margin (RHS)



Source: Eurobank Equities Research, Company data.

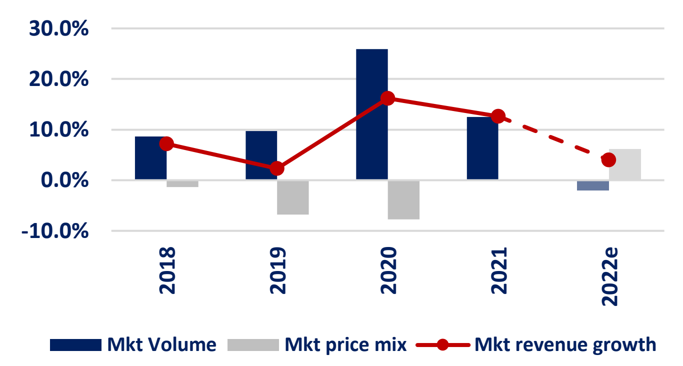
Overall, we raise our 2023-25e sales forecasts by some 8-16%, as we have factored in better than expected 2022 figures and the strong backlog. The top line increase is largely offset by our assumption for higher operating costs driven by the rise in personnel costs as project implementation progresses, thus resulting in broadly unchanged IT EBITDA estimates vs our previous numbers.

3. Courier Services

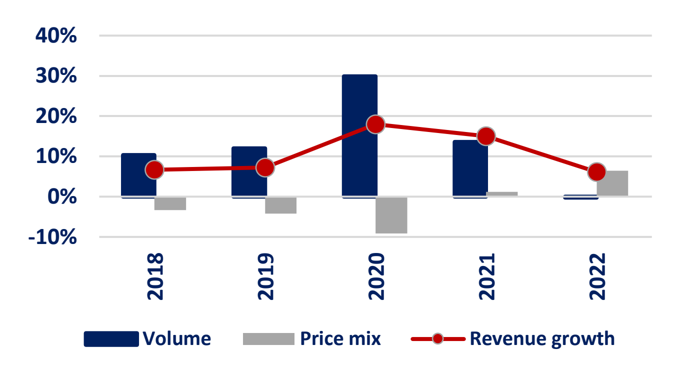
In the courier segment, despite the muted e-commerce dynamic in 2022 and the drop in shipments cycling two strong years (pandemic driven), ACS remained resilient, growing both the top and bottom line, while at the same time carrying on with its investment in the new hub. In specific, ACS executed 54m shipments in 2022, corresponding to a -10% yoy decline as a result of another significant drop in postal volumes (-27% yoy). ACS's gross revenues were up by 4% yoy though, underpinned by inflation-driven price increases.

In the courier segment, ACS remained the leader in the Greek market, with a share of c22%. It is worth flagging that the first 6 general authorization operators account for >80% of the courier market. The latter has grown significantly volumes in the pandemic years, with 2021 data pointing to 119m pieces delivered and €480m in revenues. Nonetheless, intensifying competition weighed somewhat on pricing in previous years, with 2021 figures exhibiting the first positive growth (+0.1% yoy) in courier unit prices in more than 8 yrs. 2022 saw price-driven revenue growth in ACS, which we believe is indicative of the market trends.

Greek Courier market revenue drivers…



… with ACS exhibiting similar pattern

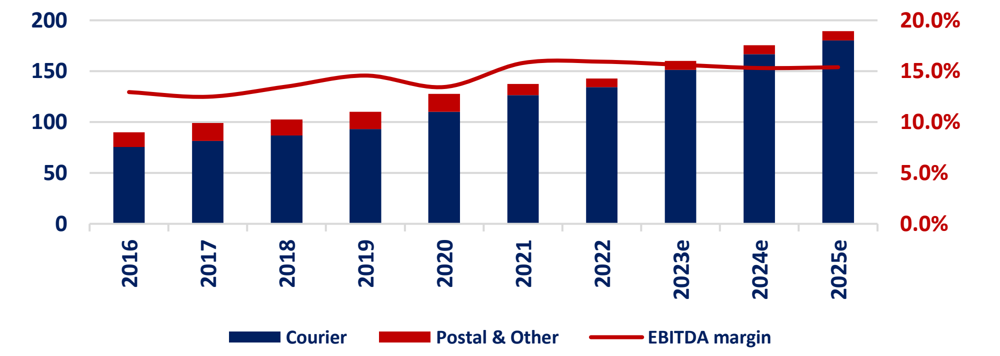


Source: Eurobank Equities Research, Company data.

Looking ahead our estimates factor in an accelerating pace in e-commerce sales aided by rising penetration for younger ages. We reckon consumers will be more selective and price-sensitive in the current environment, thus providing a boost to the online channel and, as a consequence, underpinning further growth in courier services. On that basis, we expect an increase in volumes, further topped by inflation-driven pricing.

With these in mind, we assume 12% growth in 2023e ACS revenues (+4% volume/+8% price), followed by c8-10% growth in 2024-26e (gradually tilting towards price/mix rather than volumes). On the cost side, we have trimmed our opex/sales assumption between 12-13% (vs >14% in the past), driven by the positive cost savings results (cost initiatives, new sorting hub). In the meantime, looking ahead, the gradual shift towards in-the-box delivery services, namely delivering goods in specific points of sale (boxes), should ultimately lead to reduced last-mile deliveries and thus last-mile costs, thereby resulting in cost savings.

Courier services gross revenue in EUR m (LHS) & EBITDA margin (RHS)



Source: Eurobank Equities Research, Company data.

…filtering to c5-11% boost in our courier 2023-25e EBITDA

Overall, we have raised our segment EBITDA forecasts by 5-11% in 2023-25e, filtering through an enhanced margin, while we see immaterial changes in our revenue forecast (mainly fine-tunning between volume-pricing).

4. RES

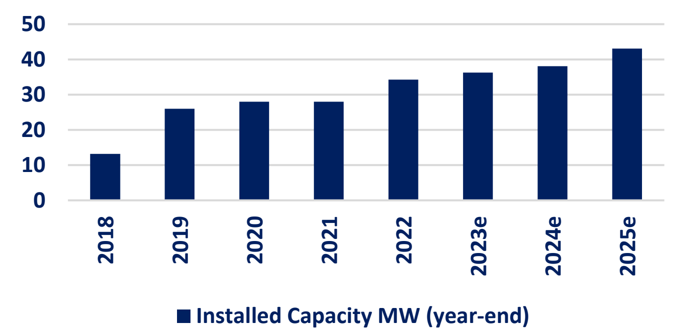
Quest RES Energy division accounts for 11% of the group EBITDA (2022 data), operating 28 solar plants of 34MW total installed capacity. Within 2022 Quest invested further in photovoltaic plants, adding 6.3MW capacity by year-end. As a reminder, the majority of the parks operate under a Feed-in-Tariff regime, which ensures long-term cash-flow visibility. Under this scheme, producers sell electricity to the market operator DAPEEP via a long-term Power Purchase Agreement (PPA) at a guaranteed price (20-27 years, depending on installation date).

In our model, we pencil in a blended sale price of 215 €/MWh ahead, weighed down by lower tariffs offered on newer solar installations (prone to sale price of c60 €/MWh). We have assumed 2MW annual additional capacity in 2023 and 2024, respectively, and another 5MW in 2025, while we see an average load factor of c15% (near 2021-22 levels). As a result, we calculate 2023e net revenues of €10.5m, rising up to €11.5m by 2025e. In terms of operating costs, we assume an average of c60k €/MWh cost, thus translating to EBITDA generation of €225-236k per effective MW in 2023-25e. We estimate 2023e EBITDA at €8.3m, rising to €9.2m by 2025e.

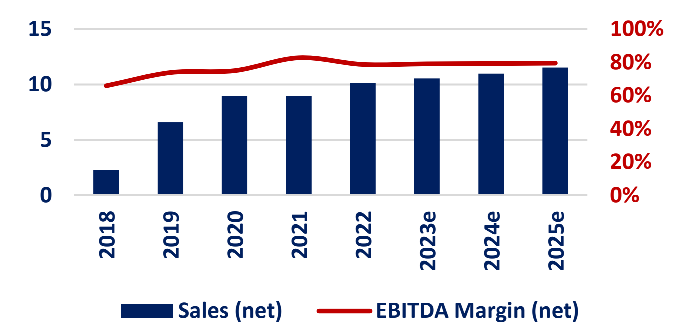
RES forecasts not materially changed

In total, we have not made significant changes vs. our previous 2023-25e forecasts in the RES division. We still assume no repowering upon the end of the projects' life cycle, though we have extended the remaining life (to account for the new additions) between 10 and 25 years for the group's installed parks. For the additional investments looking ahead we use: 1) an installation cost of c€1m per MW (in sync with avg 2022 figures and slightly) and 2) improving utilization rates on account of technological advances, such as the installation of trackers and/or bifacial panels.

RES Installed capacity year end (in MW)



RES net revenue in EUR m (LHS) & EBITDA margin (RHS)

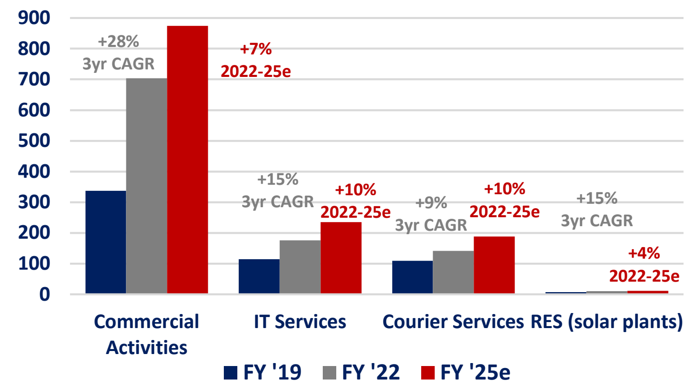


Source: Eurobank Equities Research, Company data.

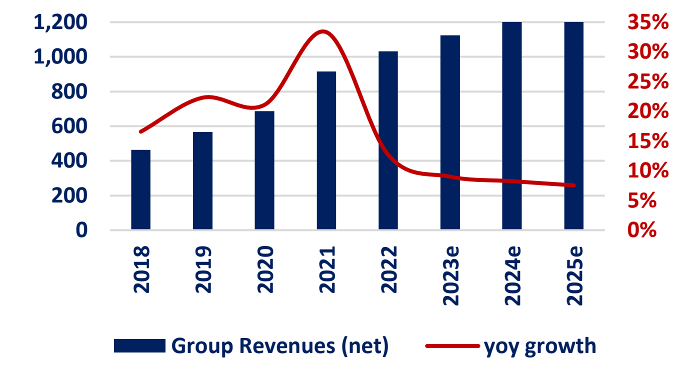
Summing up our group forecasts

At group level, all the above sum up to €1,125m revenues in FY’23, indicating a 9% yoy increase while we eye a further 7.5-8% annual rise in 2024-25e, thus leading to group revenues of €1,218m and €1,309m, respectively. This is predicated on a 10% 2022-25e sales CAGR in IT and courier services, a 7% CAGR in commercial activities and a 4% CAGR in RES.

Group revenue evolution per division



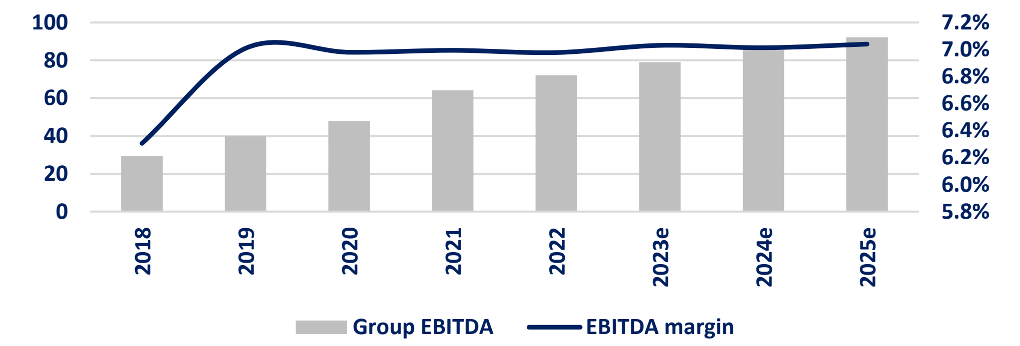
Group revenues in EUR m (LHS) & yoy growth (RHS) - cont’d ops



Source: Bloomberg, Eurobank Equities Research

On the profitability front, we have raised our 2023-25e EBITDA forecasts by 4-5%, mainly driven by the commercial products and courier services profitability upgrades. We have penciled in double-digit growth in IT and courier services EBITDA for 2023, high single-digit growth in commercial activities and mid-single-digit growth in RES. We see EBITDA between €79-92m, with the respective margins maintained at 7%.

Quest group EBITDA in EUR m (LHS) & margin (RHS) - cont’d ops



Source: Eurobank Equities Research, Company data

Below we also present a summary of our sales and EBITDA forecasts for continuing operations per division:

Divisional Breakdown – cont'd ops						
EURm	2020	2021	2022e	2023e	2024e	2025e
Group Revenues (net)	**687.0**	**915.9**	**1,031.8**	**1,124.8**	**1,217.5**	**1,309.3**
- of which						
Commercial Activities	420.0	618.5	704.1	760.6	817.5	874.6
IT Services	132.4	153.0	175.9	194.6	214.5	235.0
Courier Services	125.1	135.1	141.8	159.0	174.5	188.2
RES	9.0	8.9	10.1	10.5	11.0	11.5
Other	0.6	0.4	0.1	0.0	0.0	0.0
yoy growth						
Group	**21.1%**	**33.3%**	**12.7%**	**9.0%**	**8.2%**	**7.5%**
Commercial Activities	10.7%	47.3%	13.8%	8.0%	7.5%	7.0%
IT Services	13.9%	15.6%	15.0%	10.7%	10.2%	9.6%
Courier Services	13.5%	8.0%	4.9%	12.1%	9.8%	7.8%
RES	32.7%	-0.2%	13.0%	4.3%	4.2%	4.9%
Group EBITDA	**48.0**	**64.1**	**72.0**	**79.1**	**85.4**	**92.2**
- of which						
Commercial Activities	15.6	22.9	25.7	28.0	30.1	32.1
IT Services	8.2	12.5	16.1	17.8	19.8	21.8
Courier Services	16.8	21.4	22.6	24.8	26.7	29.0
RES	6.7	7.4	8.0	8.3	8.7	9.2
Other	0.6	-0.1	-0.4	0.1	0.1	0.1
EBITDA margin (net)						
Group	**7.0%**	**7.0%**	**7.0%**	**7.0%**	**7.0%**	**7.0%**
Commercial Activities	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
IT Services	6.2%	8.2%	9.2%	9.2%	9.2%	9.3%
Courier Services	13.4%	15.8%	15.9%	15.6%	15.3%	15.4%
RES	75.0%	82.7%	78.7%	79.1%	79.3%	79.5%

Source: Company, Eurobank Equities Research

Changes in forecasts

In the table below we summarize the changes in our group forecasts:

1) Increase in revenues driven by the commercial products (better Apple & clima business) and IT services (strong projects underway); as a result we have raised group revenues to the tune of 2-7% in 2023-25e.

2) Cost improvements seen in the courier business and rising contribution of higher-margin clima products in the commercial division profitability, on top of operating leverage, are the key catalysts for our 4-5% positive EBITDA revision.

3) EBITDA margin underpinned by cost initiatives, rising contribution of IT services in the mix and also clima products and international activities, counterbalancing the rising contribution of lower margin products, and the still elevated transport/raw material costs (inflationary environment).

Overall, we have kept a conservative stance on consumption trends, given sustained inflationary pressures, while having in mind the risk for a slippage in the timeline for IT project implementation in the light of the extended (most likely) electoral cycle. That said, we still end up with EBITDA growth of 10% in 2023 and c8% in 2024-25e, quite a compelling proposition in our view.

Group estimate changes			
	FY23e	FY24e	FY25e
New			
Sales	1,125	1,217	1,309
EBITDA	79	85	92
Net income	45	49	55
Old			
Sales	1,099	1,171	1,223
EBITDA	76	81	87
Net income	45	49	54
New vs old			
Sales	2%	4%	7%
EBITDA	4%	5%	5%
Net income	-1%	0%	1%

Source: Company, Eurobank Equities Research

Divisional changes			
New Sales	**2023e**	**2024e**	**2025e**
Commercial products	761	818	875
IT Services	195	214	235
Courier Services	159	175	188
RES	11	11	12
New EBITDA			
Commercial products	28	30	32
IT Services	18	20	22
Courier Services	25	27	29
RES	8	9	9
Old Sales	**2023e**	**2024e**	**2025e**
Commercial products	750	793	820
IT Services	180	192	203
Courier Services	158	175	188
RES	10	11	11
Old EBITDA			
Commercial products	26	28	29
IT Services	18	20	22
Courier Services	24	24	26
RES	8	9	9
new vs old sales	**2023e**	**2024e**	**2025e**
Commercial products	1%	3%	7%
IT Services	8%	12%	16%
Courier Services	0%	0%	0%
RES	1%	0%	0%
new vs old EBITDA			
Commercial products	6%	6%	10%
IT Services	0%	-1%	-2%
Courier Services	5%	11%	9%
RES	0%	-1%	0%

Source: Company, Eurobank Equities Research

Balance sheet

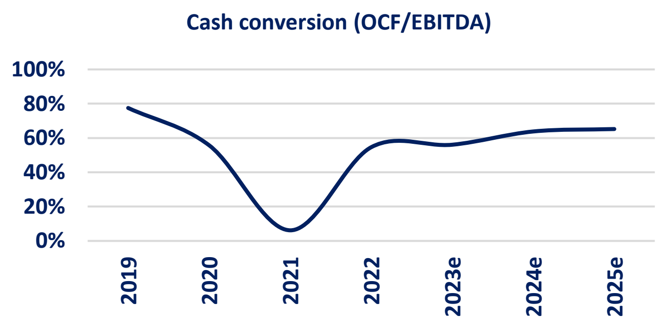
Healthy balance sheet and strong OCF enabling investment plans

Quest maintained a healthy balance sheet through 2022, ending the year with a c€28m net cash position (ex-oper. leases) despite c€47m in capex and new investments as well as challenging trading conditions (high base effect, supply chain challenges and process of integrating G.E. Dimitriou). As a reminder, the 2021 financial position had been boosted by the sale of Cardlink (c€80m), with Quest distributing more than half the amount fetched (c€45m) to shareholders in the form of dividend. On an underlying basis, Quest has been consistenly generating positive operating free cash flow (OpFCF), with the respective conversion ratio (as % of EBITDA) at c70% on average in the last decade. Our forecasts assume conversion near the 55-65% area, i.e. consistent with the historic pattern. It is worth noting that 2021 was a year of significant divergence owing to WC oscillations.

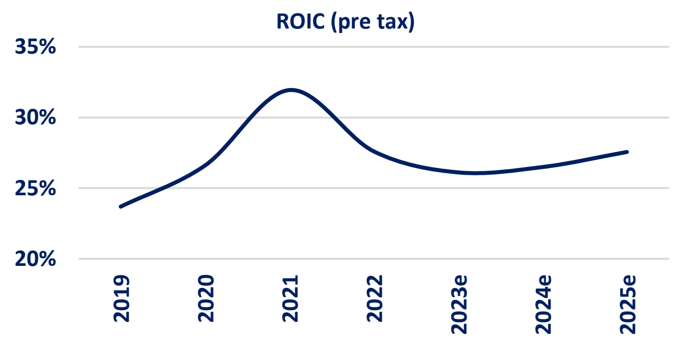
ROIC poised to stay above 25%

In the meantime, Quest continuously invests in the operations it owns, with >€100m in investments since 2018, and the current capex envelope for 2023 at c€30m according to mgt (EEe at c€23m). The return on these investments, namely pre-tax ROIC, has exceeded 25% since 2017, with our forecast looking ahead in the c25-30% area.

Group cash conversion (OCF/EBITDA)



Pre-tax ROIC

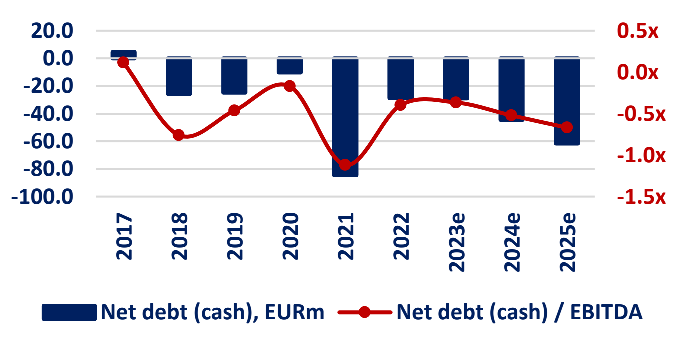


Source: Eurobank Equities Research, Company data

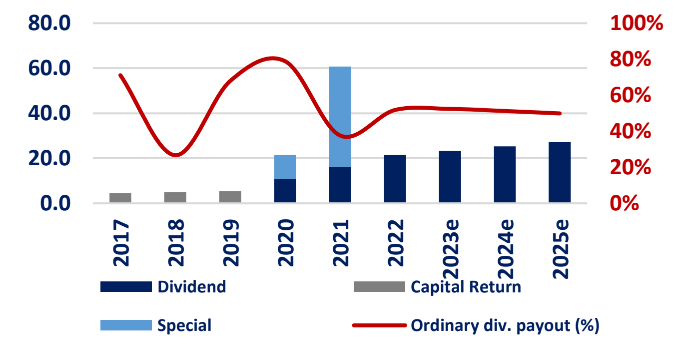
Balance sheet optionality: room for further investments and/or higher shareholder returns

Gross cash stood at €168m in end-2022, while financial gross debt (excl. operating leases) amounted at €140m. Taking into account available credit lines, the group's available liquidity exceeds €200m. In the chart below we show the evolution of the group's net cash position noting that Quest's sound financials allow it to comfortably navigate the period of monetary policy tightening while at the same time funding its investment plans and returning value to shareholders. The BoD has proposed an ordinary dividend of €0.20/share (gross), namely c€21m (vs €16m last year), indicating a 52% payout. Looking ahead, we choose to raise the dividend in sync with profitability, with our payout ratio assumption standing near 50%.

Quest group net debt (cash) and net debt(cash)/EBITDA evolution



Shareholder remuneration in €m and ordinary payout



Source: Eurobank Equities Research, Company data

Group Financial Statements

EUR mn					
Group P&L	**2021 ***	**2022**	**2023e**	**2024e**	**2024e**
Sales	**915.9**	**1,031.8**	**1,124.8**	**1,217.5**	**1,309.3**
Gross Profit	137.1	153.5	167.3	182.2	196.8
EBITDA - reported	**64.1**	**72.0**	**79.1**	**85.4**	**92.2**
change	*33.7%*	*12.4%*	*9.8%*	*8.0%*	*8.0%*
EBITDA margin	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
EBIT - reported	**50.1**	**60.2**	**65.7**	**71.4**	**77.8**
Financial income (expense)	-5.3	-6.5	-7.7	-7.3	-7.1
Exceptionals/other income	8.4	1.1	0.0	0.0	0.0
PBT - reported	**51.3**	**54.9**	**58.0**	**64.1**	**70.7**
Income tax	-8.5	-12.9	-12.8	-14.1	-15.6
Non-controlling interest	-0.1	-0.6	-0.6	-0.6	-0.6
Net profit - reported	**42.7**	**41.4**	**44.6**	**49.4**	**54.5**
EPS - adjusted (EUR)	**0.35**	**0.38**	**0.42**	**0.46**	**0.51**
Ordinary DPS (EUR)	**0.15**	**0.20**	**0.22**	**0.24**	**0.25**
Group Cash Flow Statement	**2021 ***	**2022**	**2023e**	**2024e**	**2024e**
EBITDA	64.1	72.0	79.1	85.4	92.2
Change in Working Capital	60.7	-9.5	-8.6	-3.9	-3.8
Net interest	-4.6	-6.5	-6.7	-6.4	-6.1
Tax	-8.5	-9.6	-12.8	-14.1	-15.6
Other	0.0	-0.4	0.0	0.0	0.0
Operating Cash Flow	**9.5**	**46.0**	**51.0**	**61.1**	**66.7**
Capex	-21.1	-22.7	-22.5	-15.3	-17.5
Other investing	92.1	-3.1	0.0	0.0	0.0
Net Investing Cash Flow	**71.1**	**-25.8**	**-22.5**	**-15.3**	**-17.5**
Dividends	-10.7	-60.7	-21.4	-23.4	-25.3
Other (incl. capital repayment of leases)	-2.0	-15.4	-6.6	-6.6	-6.5
Net Debt (cash)	**-84.7**	**-28.7**	**-29.1**	**-45.0**	**-62.3**
Free Cash Flow (adj.)	**75.0**	**16.7**	**21.9**	**39.2**	**42.6**
Group Balance Sheet	**2021 ***	**2022**	**2023e**	**2024e**	**2024e**
Tangible Asset	90.8	112.5	129.3	138.2	149.0
Intangible Assets	38.9	57.9	55.1	52.5	50.0
Other non-current Assets	56.2	57.1	58.8	60.3	61.7
Non-current Assets	**185.9**	**227.5**	**243.2**	**251.1**	**260.7**
Inventories	56.6	77.2	89.4	96.7	103.9
Trade Receivables	117.5	125.2	136.4	147.7	158.8
Other receivables	64.2	93.1	93.1	93.1	93.1
Cash & Equivalents	163.0	168.2	158.6	169.5	181.8
Current Assets	**401.4**	**463.7**	**477.6**	**507.0**	**537.7**
Total Assets	**587.3**	**691.3**	**720.8**	**758.1**	**798.4**
Shareholder funds	258.5	238.0	260.5	285.9	314.6
Non-controlling interest	0.4	0.8	1.4	2.0	2.7
Total Equity	**258.9**	**238.8**	**261.9**	**287.9**	**317.3**
Long-term debt	44.3	74.2	64.2	59.2	54.2
Other long-term liabilities	52.8	49.8	51.6	53.1	54.5
Long Term Liabilities	**97.1**	**124.0**	**115.7**	**112.3**	**108.7**
Short-term debt	34.2	65.3	65.3	65.3	65.3
Trade Payables	92.2	102.0	111.1	120.2	129.1
Other current liabilities	104.9	161.1	166.8	172.4	178.0
Current Liabilities	**231.3**	**328.4**	**343.2**	**357.9**	**372.4**
Equity & Liabilities	**587.3**	**691.3**	**720.8**	**758.1**	**798.4**
Key Financial Ratios	**2021 ***	**2022**	**2023e**	**2024e**	**2024e**
P/E	11.5x	12.9x	11.7x	10.5x	9.6x
P/BV	1.9x	2.2x	2.0x	1.8x	1.6x
EV/EBITDA	6.7x	7.4x	6.6x	6.0x	5.4x
EBIT/Interest expense	8.6x	8.4x	7.5x	8.6x	9.6x
Net Debt (cash)/EBITDA	-1.3x	-0.4x	-0.4x	-0.5x	-0.7x
Ordinary Dividend Yield	3.3%	4.0%	4.5%	4.9%	5.2%
ROE	16.5%	17.3%	17.0%	17.1%	17.2%
Free Cash Flow yield	15.3%	2.5%	4.2%	7.5%	8.2%
Ordinary Payout Ratio	37.7%	51.8%	52.4%	51.2%	49.9%

Source: Eurobank Equities Research

Company description

Quest is a tech-oriented holding group active in 4 core segments via specialized subsidiaries, most of which are among the leaders in their respective sector. Its portfolio spans across segments such as courier services, trade of IT products, implementation of ICT projects and operation of renewable parks. In Sep' 2021 the group sold its electronic transactions division. Its EBITDA mix is relatively balanced across the various segments. Geographically, the group is mainly exposed to Greece (c80% of revenues).

Risks and sensitivities

•**Macro:** Given its domestic exposure, Quest is dependent on the Greek macro environment. Any significant decline in economic activity would weigh on performance. More recently, in the aftermath of the pandemic, a new risk has arisen, namely the potential for further lockdowns and new disruptions to the economic activity.

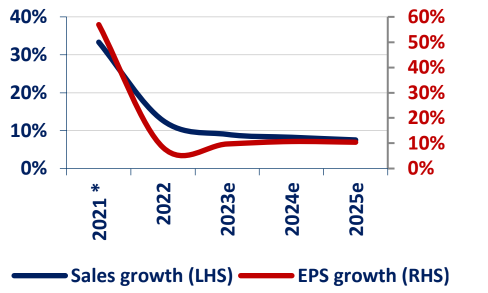
•**Competition:** Competitive intensity can affect pricing/profitability and can be manifested in the guise of last-mile competition from retailers in the courier business, price/changes upon contract renewal in the same segment, market share loss in IT, falling fees in e-payments etc.

•**Structural risks:** Slower penetration of e-payments than our model incorporates and higher customer churn, inability to monetize value added services, tempered e-Commerce growth for courier, customer losses for IT.

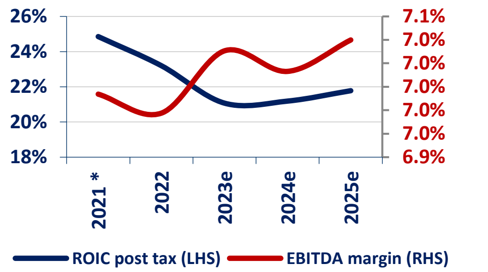
•**Tech-related risks:** Given the technology orientation of the group, there is risk of technology disruption.

•**Sensitivity:** Flexing the WACC utilized in our model by 1% results in a €1.0 per share variation in our calculated fair value.

Sales and EPS growth



Profitability and returns



** Only coninuing operations, namely ex Cardlink (sold Sep' 2021)*

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This report has been written by Natalia Svyriadi (Equity Analyst).

Analyst Compensation:

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Natalia Svyriadi does not have a significant financial interest in one or more of the financial instruments which are the subject of this report or a significant conflict of interest with respect to the subject companies mentioned in this report a) that are accessible or reasonably expected to be accessible to the persons involved in the preparation of this report or b) known to persons who, although not involved in the preparation of this report, had or could reasonably be expected to have access to this report prior to its dissemination to customers or the public.

Planned Frequency of Updates:

Eurobank Equities Investment Firm S.A. provides updates on Quest based on the terms of the agreement between the two parties and at least but not limited to bi-annually after the publication of financial statements of Quest.

12-month Rating History of Quest:

Date	Rating	Stock price	Target price
12/05/2023	Not Rated	€ 4.86	-
01/02/2023	Not Rated	€ 5.18	-
04/11/2022	Not Rated	€ 3.96	-
19/07/2022	Not Rated	€4.52	-
14/04/2022	Not Rated	€5.97	-

Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients	
	Count	Total	Count	Total
Buy	16	62%	1	6%
Hold	3	12%	0	0%
Sell	0	0%	0	0%
Restricted	1	4%	0	0%
Under Review	2	8%	1	50%
Not Rated	4	15%	0	0%
Total	**26**	**100%**		

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
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